



Help Us Help You Avoid Tax Prep Fraud

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MADISON – Prepping for tax season is enough of a challenge...you shouldn't have to fear getting ripped off when you go to file. But among the many legitimate tax preparation businesses in the state, there are a handful of shady companies that collect personal financial information under false pretenses or that file a customer's tax return without consent and keep all or part of any refund. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) asks for help from the public to be on the lookout for questionable tax and loan practices and to report any suspicious activity to the agency.

"If you see any questionable tax preparation practices, contact our agency immediately," said Sandy Chalmers, Division Administrator for Trade and Consumer Protection. "Your formal complaint can help us take quick action against fraudulent tax preparation businesses."

One type of tax and loan scam that has repeatedly surfaced over the past couple of years involves tax preparation businesses filing returns on behalf of consumers without their consent. These businesses initially solicit the consumers' business with a promise of providing short-term loans. In November, the Wisconsin Department of Justice took legal action against Instant Tax Service, Inc., a Milwaukee-based business, for providing loans to consumers and then filing their taxes without permission and taking exorbitant fees from the tax refunds.

Here are some tips to avoid becoming the victim of tax preparation fraud:

- Be alert to promotions such as "holiday loans" or other short-term loans that can be used to gain the personal financial information needed to file an individual's tax return.
- Be careful providing personal financial information to a business unless you want the preparer to file your taxes. Make sure you provide clear direction and that the company specifically advises you on whether they intend to file your tax return.
- Never sign an authorization permitting a company to file your taxes if you do not want the company to do so.
- Never sign a document without first reading and understanding what it says.
- Always insist upon receiving copies of all documents that you are required to sign or that identify the terms of a transaction and the charges you will be required to pay. Confirm, before signing, that you will receive copies. If a business does not agree to provide copies, don't sign.

DATCP works with the Wisconsin Departments of Justice and Revenue to detect tax preparation fraud. Anyone suspecting fraudulent activity is encouraged to file a complaint with DATCP. Complaints can be filed online through the DATCP website (<http://datcp.wi.gov>) or a complaint form can be requested by calling the state's Consumer Protection Hotline at 1-800-422-7128.

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